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FARM PAPER LETTER

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December 7, 1984

BLOCK LISTS GOALS OF NEW FARM BILL Secretary of Agriculture John R. Block told delegates at USDA's annual Outlook '85 Conference in Washington December 3-5 that changes in agriculture "are getting away from us" and said he aims to tackle the problem with a proposed new farm bill he hopes will be ready for transmittal to Congress by the end of January.

That bill, he said, will shoot for these goals:

CONCERN FOR THE LONG RUN. Unlike previous omnibus farm bills, the 1985 legislation should clearly state the direction of farm policy through the 20th century, not just for another four years. Farmers need this to make long-term decisions.

ORIENTED TO WORLD MARKETS. The bill should insure that we are competitive in world markets. Loan rates for all commodities should be set at market-clearing levels and tied to a percentage of a historic moving average of U.S. market prices for each commodity.

BE CONSISTENT. For the first time, the farm bill should provide more consistency among commodity programs and other agricultural policies. International trade, conservation, credit, research and grain reserve policies and programs should be integrated with the objective of the commodity programs. This would help insure that government programs and policies are not working at cross purposes, as they often do now.

AN ORDERLY TRANSITION. The legislation should provide for an orderly transition period of say, five years, through all commodity programs, as well as other programs. It should phase out obsolete and unnecessarily restrictive programs and phase in the market-oriented provisions. "I don't believe in pulling the rug out," he said.

BE FAIR TO ALL. At the end of the transition period, producers under the commodity programs should be dealt with fairly and equitably.

INTERVENTION IN FARMING CALLED A 'F-A-I-L-U-R-E' After half a century of trying, U.S. farm programs are a "failure," said Don Paarlberg, former head of economics at USDA and now professor emeritus at Purdue University, another speaker at the outlook conference. He hastened to add that he does not recommend abandoning the programs.

"We can't walk away from them," said Paarlberg. "On certain farms, these programs have increased land values, encouraged mortgaged indebtedness, built themselves into living levels, generated high expectations, and created a state of dependency that can be abrogated only with great injury to innocent people."

"It is enough to ask of the competitive market system that it cope satisfactorily with the on-going problems of supply and demand; it is too much to expect it also to correct, acceptably and quickly, the dislocations that result from 50 years of government intervention."

From an economic standpoint, said Paarlberg, the programs conceded market growth to rival exporters by restricting production and increasing prices. Acreage allotments tied agricultural production to historic regions and haven't permitted a shift to more efficient areas. Price supports gave incentives for over-production, which then required costly efforts to restrain.

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STORY LEADS GIVEN Here are some leads for news and feature stories on updates
ON USDA RESEARCH of ongoing research at the USDA. These particular subjects include a fumigant made from strawberries, germ-free animal births and a favorable word for an unpopular weed. To make your quest for stories easy, we list the information sources, their addresses and phone numbers.

NATURAL PEST CONTROL. Strawberries produce a compound that can be formulated into a natural pest control for aphids on lettuce and thrips on strawberries. Scientists say the compound, ethyl formate, cannot simply be squeezed from the fruit but must be prepared in the laboratory.

USDA tests show that by using ethyl formate as a fumigant on packaged lettuce and strawberries in a partial vacuum, 100% of the pests are killed. Other test results: The compound leaves no residue and it destroys insect pests on dried fruits.

The Environmental Protection Agency has not cleared ethyl formate for use on lettuce and strawberries, say the scientists. If approved, the fumigant could aid U.S. export of these commodities to countries with restrictions on residue levels of fumigants.

CONTACT: John M. Harvey, plant pathologist, Horticultural Crops Research, Agricultural Research Service, USDA, Fresno, Calif. 93727. Telephone (209) 487-5334.

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GERM-FREE PIGS AND CALVES. Newborn pigs, calves and other animals begin life germ-free in a special "delivery room" in Ames, Iowa. This is to ensure a clean bill of health for animals used in research seeking to overcome such farm animal diseases as dysentery in pigs and diarrhea in calves.

The animal births are cesarian. Deliveries are germ-free 90% of the time. Then the animals remain in sterilized quarters during research at the National Animal Disease Center, operated by USDA. The center's first germ-free animal was born in 1973. Since then, about 100 pigs and 24 calves have been delivered each year.

As scientists work to conquer diseases afflicting farm animals, the need for germ-free animals has increased. Today, the procedure also is used on ducks, turkeys, mice, rats and guinea pigs.

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CONTACT: Peter J. Matthews and Shannon C. Whipp, veterinary medical officers, National Disease Center, Agricultural Research Service, USDA, Ames, Iowa 50010. Telephone (515) 239-8200.

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NEW GRASS FROM OLD WEED. Quackgrass, a notorious weed, may get a new reputation. Called Agropyron repens by scientists, quackgrass has had a bad name because it spreads aggressively into cultivated crops. But it also is one of the most nutritious and palatable grasses for livestock.

USDA scientists have bred a hybrid, using the unpopular quackgrass and the drought-resistant bluebunch wheatgrass.

The unnamed hybrid not only satisfies livestock appetites, it also is a good candidate for controlling erosion on meadows and pastures in northern states. In addition, it seems well adapted to saline sites in states like Montana, possessing more tolerance to salty soils than most other wheatgrasses. The new hybrid is expected to be available commercially within two years.

Researchers say other weeds now considered offensive and obnoxious could become sources of fuel alcohol, human food, firewood and nitrogen fertilizer.

CONTACT: Kay H. Asay, plant geneticist, Forage and Range Research, Agricultural Research Service, USDA, Logan, Utah 84322. Telephone (801) 750-3069.

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WORLD ECONOMIC GROWTH EXCEEDS 4% THIS YEAR Global economic growth this year has passed 4%, the highest since 1976, but the pace is expected to slow to 3% to 3.5% in 1985, reports USDA's Economic Research Service. The reduced rate of growth assumes a slower U.S. expansion and a weak demand in most foreign industrialized countries. Still, U.S. import demand will continue to go up next year, even if U.S. growth lags behind the rapid pace set in the first half of 1984.

U.S. expansion of 8.6%, the fastest clip in 20 years, leads world economic growth this year. The rest of the world may average a 3.2% increase. Strong U.S. demand has stimulated imports from many parts of the world, especially Canada, Japan and East Asia.

Peaking in mid-October, the dollar's exchange value may inch down through early 1985, reflecting lower U.S. interest rates. If interest rates rise next year, though, the dollar could get stronger again.

This year's Soviet grain crop, now estimated at 170 million tons, may stimulate record grain imports of 50 million tons in 1984/85. The United States is expected to supply a larger share of these imports than last year. U.S. sales already have passed 15 million tons.

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For all U.S. farm exports, lower commodity prices in fiscal 1985 likely will override increased volume and keep the total export value under that of 1984.

For more information, call (202) 472-1892.

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DEFICIENCY PAYMENTS -- Eligible wheat farmers will receive about \$1.1 billion and barley producers \$50 million in deficiency payments on their 1984 crop, according to Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service.

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FOREST RECEIPTS -- Forty-one states and Puerto Rico will receive more than \$225 million as their share of national forest receipts for fiscal 1984. By law, 25% of the revenues collected by USDA's Forest Service from the use of the national forest system lands and resources are returned to the states where the lands are located.

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AG TRANSPORTATION CONFERENCE SET -- Federal and state officials will consider deregulation, highway costs, exports and other problems related to the transportation of agricultural commodities in a conference January 8-9 at the Old Colony Inn in Alexandria, Va. "We plan to focus on a wide range of transportation topics," said Martin Fitzpatrick, director of USDA's Office of Transportation.

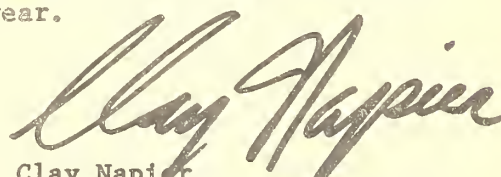
For more information, call Greg Coffey at (202) 447-3897.

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MINNESOTA BRUCELLOSIS-FREE -- Minnesota is the 19th state to become free of cattle brucellosis, a disease that can cause pregnant cows to abort or give birth to weak calves, says Bert W. Hawkins, administrator of USDA's Animal and Plant Health Inspection Service. Minnesota has 56,000 cattle herds with a total of 3.75 million animals.

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RED MEAT SUPPLIES DROP -- Total red meat consumption may decline about two pounds per person in 1985 from the record 210 pounds expected this year, reports USDA's Economic Research Service. High feed costs, another year of drought in some important cattle areas, and producers' financial difficulties have resulted in large meat supplies and reduced inventories this year.


Clay Napier
Editor, FARM PAPER LETTER